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FISCAL IMPACT STATEMENT

LS 6173

BILL NUMBER: SB 23

NOTE PREPARED: Nov 30, 2009

BILL AMENDED:

SUBJECT: Unemployment Contribution Rates.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill delays from January 1, 2010, to January 1, 2011, changes in the taxable wage base and employer contribution rates for the unemployment compensation system.

Effective Date: January 1, 2010 (retroactive).

Explanation of State Expenditures: The bill would not affect the state expenditures to the Unemployment Insurance Benefit Fund since the state is a reimbursable employer. The state paid about \$4.1 M in FY 2009, \$4.1 M in FY 2008, and \$5.9 M in FY 2007 to the fund.

Explanation of State Revenues: The bill would reduce the revenue to the Unemployment Insurance Benefit Trust Fund. The reduction in revenue in FY 2010 is estimated to be between \$314 M and \$357.6 M.

Background: The following is the amount states have borrowed as of November 9, 2009, from the federal government to pay unemployment benefits.

Alabama	\$73,610,362.50
Arkansas	\$154,515,127.70
California	\$4,685,052,875.92
Connecticut	\$76,335,788.65
Florida	\$597,500,000.00
Idaho	\$75,249,625.22
Illinois	\$700,763,378.83
Indiana	\$1,313,654,289.84
Kentucky	\$501,700,000.00
Michigan	\$2,852,560,000.00
Minnesota	\$168,264,220.01
Missouri	\$350,818,745.20
Nevada	\$16,315,965.43
New Jersey	\$789,937,333.38
New York	\$1,642,289,773.00
North Carolina	\$1,299,658,356.37
Ohio	\$1,474,037,799.00
Pennsylvania	\$1,450,311,729.80
Rhode Island	\$110,384,900.00
South Carolina	\$610,681,164.00
South Dakota	\$1,079,851.39
Texas	\$796,936,663.34
Virgin Islands	\$5,600,760.01
Virginia	\$10,936,800.00
Wisconsin	\$734,214,439.88
Total	\$20,492,409,949.47

For FY 2009 the Unemployment Insurance Benefit Fund received \$543.8 M from employers, \$2.5 M in interest, paid \$1,659.4 M in benefits, and had administrative expenses of \$17.3 M. The ending balance on June 30, 2009, was a negative \$885.5 M. Currently, the loans to states from the federal government for unemployment benefits are not accruing interest until at least December 31, 2010.

Explanation of Local Expenditures: The impact on local government would be as an employer.

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development.

Local Agencies Affected: All nonreimbursement employers.

Information Sources: Department of Workforce Development data.

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